

MEETING  
STATE OF CALIFORNIA  
MARKET DEVELOPMENT AND SUSTAINABILITY  
COMMITTEE

Joe Serna Jr., CalePA Building  
1001 I Street  
2nd Floor  
Byron Sher Auditorium  
Sacramento, California

Wednesday, May 13, 2009  
10:12 a.m.

HE SUK JONG  
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A P P E A R A N C E S

**BOARD MEMBERS**

- Ms. Margo Reid Brown, Chair
- Mr. John Laird
- Ms. Carole Migden

**STAFF**

- Mr. Mark Leary
- Mr. Elliot Block
- Ms. Tracey Cottingim
- Ms. Kristen Garner
- Mr. Howard Levenson

**ALSO PRESENT**

- Ms. Danielle Aslam
- Mr. Michael Blumenthal
- Mr. Jeff Danziger
- Ms. Tamar Dyson
- Ms. Sheila Kuehl
- Ms. Cara Morgan
- Ms. Rosalie Mulé
- Mr. John Nuffer
- Ms. Rubia Packard
- Ms. Jennifer Richard
- Mr. Calvin Young

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I N D E X

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1                   CHAIRPERSON BROWN: Good morning. Welcome to the  
2 Market and Sustainability Committee. There are agendas on  
3 the back table. If anyone would like to speak to any of the  
4 issues, Kristen would be very happy to take your speaker  
5 slip. A reminder that, if you are in the room, we'd like  
6 you to turn your cell phone to the vibrate mode.

7                   And, Kristen, can you call the roll?

8                   EXECUTIVE ASSISTANT GARNER: Laird?

9                   BOARD MEMBER LAIRD: Here.

10                  EXECUTIVE ASSISTANT GARNER: Migden?

11                  BOARD MEMBER MIGDEN: Here.

12                  EXECUTIVE ASSISTANT GARNER: Brown?

13                  CHAIRPERSON BROWN: Here.

14                  Any ex partes to report?

15                               (No audible response.)

16                  CHAIRPERSON BROWN: I think we're up-to-date.

17 And I think we'll move, then, first to the program  
18 director's report.

19                  MR. LEVENSON: Good morning, Madam Chair.

20 Howard Levenson with the sustainability program, and I don't  
21 really have a report today. I do want to just flag one  
22 upcoming event. Yesterday we had quite a discussion about  
23 some of the interagency issues related to composting, and  
24 one of those concern the work that we're doing with the  
25 Water Board on green waste composting and the development of

1 a statewide general order. We have a tentative date of  
2 June 24th for a stakeholder workshop here at CalEPA which  
3 will involve the Water Board, our staff, and the industry  
4 discussing that issue. So that will be up on our events  
5 calendar as soon as we absolutely confirm the date, but it's  
6 slated for late June, so I'm very pleased that we're making  
7 that progress. That concludes my report.

8 CHAIRPERSON BROWN: Great job.

9 And I think we can go, then, any questions from  
10 members?

11 (No audible response.)

12 CHAIRPERSON BROWN: Why don't we launch right  
13 into Committee Item B, Board Item 13.

14 MR. LEVENSON: Item 13 is the application to  
15 expand the Los Angeles County Recycling Market Development  
16 Zone, and it's something we're very pleased to bring to you  
17 for your consideration. And giving that presentation will  
18 be Danielle Aslam, who is out of our Southern California  
19 office, and she told me this is the first time she's even  
20 been in this room.

21 MS. MIGDEN: Welcome.

22 MS. ASLAM: Thank you. Good morning, Committee  
23 Members. The Los Angeles County Recycling Market  
24 Development Zone was established in 1994 and currently  
25 consists of unincorporated Los Angeles County and seven

1 cities.

2 In developing the expansion request, the Zone  
3 invited all jurisdictions in Los Angeles County that are not  
4 currently part of a zone to join. Four cities -- Compton,  
5 Inglewood, Palmdale, and Torrance -- worked with the Zone  
6 and their individual city councils to prepare this expansion  
7 request.

8 The map included with the item designates the  
9 current and proposed area included in the Los Angeles County  
10 Recycling Market Development Zone. The expansion is  
11 designed to increase the Zone's ability to identify  
12 feedstock, make connections between processors of  
13 recyclables and manufacturers of recycled content goods, and  
14 market-finished products.

15 As described in the agenda item, business  
16 assistance and incentive programs offered by the new member  
17 jurisdictions will strengthen the effort of the Zone and  
18 improve networking with a larger business community than  
19 exists with the current zone.

20 Letters from the four proposed new members  
21 describe projects and targeted business to support the goals  
22 outlined in the market development plan, specifically the  
23 new members have noted the following benefits of their  
24 involvement in the program: Compton estimates 1,800  
25 businesses within the city could be targeted to encourage

1 the use of recycled material in their manufacturing  
2 processes.

3 Inglewood intends to assist a local green waste  
4 processor to acquire a loan to expand its operations which  
5 would create new jobs and increase availability of processed  
6 mulch for use by landscapers and government agencies in  
7 Southern California.

8 Palmdale will work with local manufactures to  
9 encourage use of recycled materials in their products. A  
10 manufacturer that uses aluminum will be targeted as part of  
11 this effort to determine if recycled aluminum can be used  
12 instead of virgin material.

13 Torrance will facilitate networking amongst  
14 existing businesses to find opportunities to recover  
15 potential waste for use as raw inputs by other  
16 manufacturers.

17 Staff is pleased with this expansion effort and  
18 recommends the Board adopt Option 1 to approve the  
19 Los Angeles County application to expand the existing zone  
20 to include the proposed cities.

21 This concludes Staff's presentation. The Zone  
22 administrator was unable to attend today's meeting because  
23 of budgetary travel restrictions.

24 BOARD MEMBER MIGDEN: Thank you.

25 MS. ASLAM: Thank you.

1 CHAIRPERSON BROWN: Excellent job for your first  
2 presentation. It's not easy sitting down there doing that.

3 Question -- I know we are in an expansion or  
4 entertaining ideas of new zones. Is there another one being  
5 considered for Los Angeles area?

6 (Inaudible response.)

7 CHAIRPERSON BROWN: Santa Fe Springs?

8 MS. ASLAM: Santa Fe Springs does seem to be  
9 considering developing a zone.

10 CHAIRPERSON BROWN: Okay. Great.

11 Any other questions from members?

12 BOARD MEMBER LAIRD: Madam Chair, I would move  
13 Resolution 2009-59.

14 CHAIRPERSON BROWN: Can I have a second?

15 BOARD MEMBER MIGDEN: Second.

16 CHAIRPERSON BROWN: It's been moved by Member  
17 Laird and seconded by Member Migden.

18 Kristen, can you call the roll?

19 EXECUTIVE ASSISTANT GARNER: Laird?

20 BOARD MEMBER LAIRD: Aye.

21 EXECUTIVE ASSISTANT GARNER: Migden?

22 BOARD MEMBER MIGDEN: Aye.

23 EXECUTIVE ASSISTANT GARNER: Brown?

24 CHAIRPERSON BROWN: Aye.

25 Motion passes, and we can put that on consent.



1                   And we'll move to Item C, Board Item 14.

2                   MR. LEVENSON: Thank you, and if we can have  
3 about ten seconds for staff shuffle.

4                   Okay. I think we're ready to go.

5                   Agenda Item 14 has a long title, but it basically  
6 is considering funding some of our unfunded grant  
7 applications for our tire grant programs from fiscal year  
8 08/09 with some of the 09/10 funds that are available.

9                   As you're well aware, we've had a series of items  
10 regarding the award of fiscal year 08/09 funds for our  
11 tire-direct product and recycled asphalt concrete grant  
12 items, but these span March, April and also consideration  
13 yesterday about the five-year tire plan.

14                  But, as you know, these programs are very  
15 significantly oversubscribed. We have about six dozen  
16 tire-direct products and recycled asphalt concrete grant  
17 applications from this cycle that are eligible and worthy of  
18 funding. So we're asking you to take advantage of the  
19 circumstances of the 09/10 budget, that it's approved, and  
20 that you already, at least provisionally yesterday in the  
21 five-year tire plan, approved the allocation of funds from  
22 the 09/10 budget for these grant programs to fund almost all  
23 of these eligible applications from these two grants --  
24 programs.

25                  This will allow us to get more grant funds out on

1 the streets and into playgrounds and trails and landscaping  
2 projects and the like, and that can't be a bad thing in this  
3 calendar year -- or this year, given the economic situation.

4 If the Board agrees, this will still be  
5 contingent upon any changes that come out of the potential  
6 June revisions -- budgetary revisions and the funds being  
7 available, so it is a somewhat conditional situation we're  
8 in.

9 And before I turn it over to Calvin to give you a  
10 little bit more specifics, I do want to acknowledge Michael  
11 Blumenthal is in the audience. And yesterday you had a  
12 discussion about some of the issues that he raised, and I do  
13 want to reiterate for his benefit that we are committed to  
14 having a program evaluation to deal with many of the issues  
15 that he's raised, and we will be coming to you in August  
16 with an item that has two parts. One is a very extensive  
17 presentation of the situation today in the markets. We have  
18 a great report coming from our contractor. We've had a  
19 draft out for public comment. And I think you'll be -- it  
20 will very educational for all of us to see the trends and  
21 the analysis in that.

22 As part of that, we also will present to you our  
23 proposal for doing the program evaluation, a timeline and a  
24 process, so that you can make any comments that you want and  
25 fine-tune that. But we are gearing up for that, and we will

1 get back to you in a couple months with more detail on that.

2 So that was a little sidebar, but let's go ahead  
3 and turn it to Calvin for a formal presentation on this one.

4 MR. YOUNG: Thank you, Howard.

5 Good morning, Chair Brown and Board Members. I'm  
6 Calvin Young with the Sustainability division. Howard did a  
7 great job of summarizing, and I'll try not to repeat his  
8 comments; however, I would like to provide some additional  
9 details.

10 This item seeks approval for the last part of a  
11 fortunate process that was presented in the March  
12 tire-derived product grant award item and again in the  
13 rubber -- the April rubberized asphalt concrete grant award  
14 item.

15 These final two steps are to approve funding of  
16 eligible TDP and RAC applications for fiscal year 2008/9 and  
17 using fiscal 9/10 moneys. And because 9/10 moneys will be  
18 exhausted, cancel the grant subscriptions for these programs  
19 for fiscal year 9/10.

20 This approach provides far more benefits than  
21 potential drawbacks. Several specific economic and  
22 programmatic impacts were presented in the item, and I just  
23 want to take a moment to highlight a few of the key items.

24 The grants awarded by this Board in the last few  
25 months for the TDP and RAC programs, plus this proposed

1 action, will result in \$19.5 million being awarded for green  
2 shovel-ready projects that will create an estimated  
3 \$38 million in economic impacts, \$20 million in new dollars  
4 for the California state economy, 15 million in labor  
5 income, and an additional 307 jobs for Californians. These  
6 impacts are expected to be further leveraged by federal  
7 stimulus dollars.

8           The major impacts on the programatic side are  
9 twofold: First, Staff will have an opportunity to perform a  
10 programatic evaluation in cooperation with our tire business  
11 assistance contractor, R.W. Beck. This will provide an  
12 improved foundation on which the Board can base its further  
13 programatic decisions.

14           Second, Staff will be able to further assist  
15 grantees in the effective utilization of grant dollars and  
16 promoting products based on performance, not on the  
17 availability of grant funding. In the long run, this will  
18 increase the development of sustained markets while  
19 decreasing the importance of financial assistance.

20           In summary, Staff believes that this funding  
21 approach presents an opportunity to effectively support our  
22 strategic directive 3.4 by strengthening markets for ground  
23 rubber, assist in providing much needed stimulus to the  
24 California economy, and lay the foundation for long-term  
25 sustainable markets with a reduced reliance on financial

1 assistance. Accordingly, Staff recommends the Board adopt  
2 Resolution 2009-62. This concludes my presentation. Are  
3 there any questions?

4 CHAIRPERSON BROWN: Excellent job.

5 Any questions from anybody?

6 BOARD MEMBER LAIRD: Madam Chair, no questions  
7 but just a brief comment which is, once again, the Staff did  
8 a good job in adding the geographical diversity of these in  
9 a way that was understandable, and I want to thank you for  
10 that.

11 And I think that, also, the staff was being  
12 responsive to the Board's concern that we do our best to  
13 sort of have a Phase B for whatever happens and for people  
14 that weren't funded in those first rounds and have a place  
15 to go so that we're actually using the money.

16 And this is an add-on to the discussion we had  
17 yesterday, which is, I really think, showing all the  
18 activity in this program is a thing that's going to deal  
19 with any desire to continue to raid or maybe even put  
20 pressure to pay back loans. And I think this is good work  
21 in that regard, so I'm going to be very pleased to support  
22 this.

23 CHAIRPERSON BROWN: Thank you. Agree. It's  
24 something that we need to shout loud and far, the number of  
25 green jobs that are created and the economic stimulus that

1 this program has continued to push forward. And it's nice  
2 to see shovel-ready projects ready to go. I know there's  
3 some anxiety or there may be some concern about anxiety out  
4 there with stakeholders who, all of a sudden, won't have  
5 funds available in the next year for another request, but  
6 these are projects that are ready to go, and we really need  
7 to fund people that are ready to go.

8 (Inaudible discussion is not reported.)

9 BOARD MEMBER MIGDEN: May I ask something?

10 CHAIRPERSON BROWN: Absolutely.

11 BOARD MEMBER MIGDEN: So we have a goal, Howard,  
12 of 90 percent we use by -- are we going to make that goal?  
13 I mean, is anything happening now, because it's  
14 extraordinary 75 percent or so is dealt with; it really is.  
15 So I want to say that's a fabulously successful program from  
16 something that's haunted us for many years in the  
17 complications of disposal, environmentally.

18 So if we have that ambitious goal ahead, five  
19 years or so, what do you think about where we are? Is it  
20 just -- it's a money thing to fulfill the grants? Is it a  
21 readiness preparation issue dispersed throughout the county  
22 to reuse or rubberize asphalt or whatever the purposes are?  
23 Would you kindly comment?

24 MR. LEVENSON: Sure. And I think that's really  
25 going to be the crux of the discussion that you have in

1 August when you see the report from our contractor. There's  
2 a number of real barriers and pitfalls, I think, to us  
3 achieving that 95 percent diversion rate. Frankly, the  
4 diversion rate has been sort of flat the last couple years,  
5 and there's an error bar in the estimate, so it's never  
6 quite sure exactly where you are. But it's hovered in the  
7 low to mid 70 percent range for a couple years.

8           There are some real issues. Some of them are  
9 related to the economic downturn. For example, one of the  
10 biggest -- or a big use of waste tires is in cement  
11 production in some of the factories there. And they are  
12 not, obviously, producing as much as they were, so they're  
13 not demanding as much tires.

14           We have a landfill that was a major user of  
15 landfill chips as a liner, sort of a civil engineering  
16 application. They stopped last year, and that's got a big  
17 hit of a million or so passenger tire equivalence, which is  
18 how we measure things.

19           On the other hand, we also have the export to  
20 look at. You know, are there trends coming from overseas,  
21 particularly the Asian markets, that will increase the use  
22 of tires. And those are all the things that we are going to  
23 present to you in August in terms of those trends. And then  
24 just --

25           BOARD MEMBER MIGDEN: I would only say, why do

1 you think it was stagnating before we had terribly grave  
2 economic problems? You were saying to me we've kind of  
3 plateaued for a while.

4 MR. LEVENSON: Well, that's one of the reasons  
5 why we need to have the overall program evaluation. We need  
6 to have -- be able to dig in much more deeply as to are our  
7 grant programs as effective as we thought they were, should  
8 the moneys be focused in some different way?

9 Over the years, the last three or four years, the  
10 Board has, for example, in the Recycled Rubberized Asphalt  
11 Concrete program, you've racheted down the amount of money  
12 that's paid to people who have used this material multiple  
13 times and focused more on first-time users -- or first-time  
14 or second-time users in an attempt to get the stimulus  
15 moving there. Do we need to do more of that kind of  
16 strategic thinking about the grant programs and the  
17 expenditure? Same thing on some of our contract dollars.

18 One of the things that the Board did last  
19 month -- I'm getting my items mixed up, but there's so many  
20 tire items, I can't keep them all straight. But there is a  
21 new contract out of Public Affairs office to look at more  
22 outreach on tire sustainability issues, and that will  
23 include more outreach on the tire-derived aggregate, some of  
24 the big roadside construction projects, the sound  
25 attenuation under the Light Rails. Do we need to do more



1 promotion of those kinds of projects? So all that will be  
2 in the mix for discussion.

3 And I think over the next half year -- which may  
4 seem like a long time -- you're going to have the  
5 opportunity for a very robust discussion of, are the way we  
6 are spending our moneys currently the way we want to  
7 continue in the next several years.

8 It doesn't directly answer your question, but I  
9 hope it sets the stage.

10 CHAIRPERSON BROWN: Thank you. Now have somebody  
11 who would like to participate?

12 BOARD MEMBER LAIRD: No, I was going to move  
13 Resolution 2009-62.

14 CHAIRPERSON BROWN: Can you hold for a second? I  
15 have a speaker slip. He wants to speak to the discussion.

16 Michael?

17 MR. BLUMENTHAL: Thank you, Madam Chair. It  
18 sounds like I'm being called into the principal's office.

19 Yes, thank you. My name is Michael Blumenthal.  
20 I represent the Rubber Manufacturers Association, and I'd  
21 like to talk to Board Member Migden's -- the question of why  
22 haven't the markets increased over the last number of years  
23 and what needs to be done in the -- from heretofore to  
24 increase the markets.

25 There always have been three basic markets for

1     tires: Fuel, civil engineering, and ground rubber.

2                 Here in California, you basically have one arm  
3     tied behind your back because in this state there is a law  
4     that says that the Board cannot spend any money in anything  
5     tire-derived, fuel related.

6                 Tire-derived fuel is the largest single market  
7     out there and always has been, and I think it's going to be  
8     that way for a good number of years.

9                 Not having the ability to push tire-derived fuel  
10    hurts this state. On top of that, you have a series of, as  
11    Howard mentioned very -- and he's right, there's at least  
12    one kiln that might stop using tires. That's 5 percent of  
13    all the tires that are produced here in the state. That's a  
14    big hit. So not having the ability to focus on the biggest,  
15    single largest market and a large consumer of tires, plus  
16    the current economic conditions, there is one strike.

17                As far as tire-derived aggregate is concerned, I  
18    think you folks here have done just about everything you can  
19    to create all kinds of information on tire-derived  
20    aggregate. We have absolutely no complaints about it  
21    whatsoever. What we think is missing is the implementation  
22    piece.

23                We had a workshop -- I sponsored a workshop down  
24    in San Diego, and there were 56 people down there. We had  
25    participation from Waste Board staff plus other industries

1 with other industrial materials as well as the Federal  
2 Highway Administration, and I think that was very well  
3 received.

4           You have a lot of talent here in -- at the staff  
5 level; they're very knowledgeable. You have five excellent  
6 projects that show everybody how much money can be saved and  
7 how it can work, why to use tires; but you have no  
8 implementation plan for any of this material.

9           Years ago, long before any of you got on board  
10 here, the state paid put out a contract and got five reports  
11 on using tire shreds in landfill applications. Now, I'm not  
12 advocating ADC; I don't even want to talk ADC. That's four  
13 out of five reports that could be used. They sit on the  
14 shelf. You've never had any workshops at any of the  
15 landfills on how to use tire shreds in landfill  
16 construction, less ADC. So while you have all this very  
17 good information, there's no implementation of getting this  
18 information to the end-users.

19           In the ground rubber industry, you have a number  
20 of major markets out here. RAC has been a large, large  
21 market. You've been giving lots of RAC grants.

22           Years ago you had a Northern California and  
23 Southern California technical service. I think something  
24 like that needs to be revised and get out there and not just  
25 give counties the money to use RAC but give them the

1 education and comfort on why to use it on a technical basis.

2           If rubber modified asphalt or any ground rubber  
3 market is ever going to work, it's going to have to work on  
4 its own economic merit. I believe that the technical merits  
5 are certainly there, but you have to get past this whole --  
6 the things on urban myths and misperceptions and bad  
7 information. And I think with RAC you certainly have a very  
8 strong core use, but I think you're not addressing the main  
9 issue, which is tackling the technical issues as well as  
10 showing that it can be economically viable without the  
11 grants.

12           On the ground rubber markets, I think the other  
13 part of it is, once again, to shift the grants away from  
14 simply giving someone a grant to buy the material --  
15 although at this point in time it's probably necessary --  
16 more to the end of why these materials are so good, why is  
17 rubber in playgrounds beneficial: Because it's the safest  
18 material people can fall onto.

19           I think you have to address the technical issues  
20 about the use of ground rubber in artificial turf, and I  
21 sent you the link to the video that was out there. These  
22 questions -- there's lots of questions, but there's real  
23 good information. I think if the State got behind it and  
24 said there is ample information, this is not a health  
25 concern, this is why I think it would remove a lot of the

1 obstacles.

2           And on the -- you have a conversion technology  
3 program. I think that needs to get revved up. The key here  
4 is not just to give grants to people to buy the material but  
5 give a grant to a company that can manufacture a product  
6 using recycled content as opposed to virgin content. That  
7 creates the demand for this product, the long-term demand.  
8 And if you start getting two, three, four, five companies  
9 here in California that are using ground rubber as part of  
10 their raw material mix and buying this all from the open  
11 market, you've just created self-sustaining demand, and the  
12 amount of grants that you have to give out can go down. So  
13 I think it's a general shift in how things are being done  
14 here, and I look forward to working with you all in August  
15 with the rest of the material. Thank you.

16           CHAIRPERSON BROWN: Thank you, Michael. I know  
17 Michael is going to be here in August.

18           MR. LEVENSON: We'll be here all week.

19           CHAIRPERSON BROWN: Any questions or follow-up?

20           BOARD MEMBER LAIRD: (Inaudible).

21           CHAIRPERSON BROWN: I think we have a motion on  
22 the floor. And can we have a second?

23           BOARD MEMBER MIGDEN: Second.

24           CHAIRPERSON BROWN: It's been moved by Member  
25 Laird and seconded by Member Migden.

1 Carol -- Kristen -- Carol, whoever you are, can  
2 you call the roll?

3 EXECUTIVE ASSISTANT GARNER: Laird?

4 BOARD MEMBER LAIRD: Aye.

5 EXECUTIVE ASSISTANT GARNER: Migden?

6 BOARD MEMBER MIGDEN: Aye.

7 EXECUTIVE ASSISTANT GARNER: Brown?

8 CHAIRPERSON BROWN: Aye.

9 The motion passes, and I believe that will be on  
10 fiscal consent on Tuesday.

11 Any other questions, comments?

12 (No audible response.)

13 CHAIRPERSON BROWN: Adjourn this meeting. Thank  
14 you.

15 (Whereupon the California Integrated  
16 Waste Management Board adjourned at  
17 10:37 a.m.)

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REPORTER'S CERTIFICATE

I, HE SUK JONG, a Certified Shorthand  
Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, He Suk Jong, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand  
this 26th day of May 2009, at Sacramento, California.

HE SUK JONG, CSR NO. 12918  
Certified Shorthand Reporter